

FINANCE COMMITTEE/CITY COUNCIL PROCEEDINGS
COUNCIL CHAMBERS
WILLMAR MUNICIPAL UTILITIES BUILDING
WILLMAR, MINNESOTA

November 23, 2015
4:45 p.m.

The City Council of the City of Willmar met on Tuesday, November 23, 2015, in the Council Chambers at the Willmar Municipal Utilities Building. The meeting was called to order by the Honorable Mayor Marv Calvin. Members present on a roll call were Mayor Marv Calvin, Council Members Ron Christianson, Denis Anderson, Audrey Nelsen, Shawn Mueske, Andrew Plowman, Tim Johnson, and Rick Fagerlie. Present 8, Absent 1. Council Member Ahmann was excused from the meeting.

Also present were Interim City Administrator Kevin Halliday, Finance Director Steve Okins, Police Chief Jim Felt, Fire Chief Frank Hanson, Planning and Development Services Director Bruce Peterson, Public Works Director, Sean Christensen, Community Education and Recreation Director Steve Brisendine and City Attorney Robert Scott.

Others present: Rice Memorial Hospital Representatives Mike Schramm and Bill Fenske, Willmar Municipal Utilities Representatives Wes Hompe, John Harren and Tim Hunstad, West Central Industries Representative Cindy Cameron and Renee Nolting, Willmar Downtown Development Representative John Christianson, Emily Northie, Preservation Alliance of Minnesota, Willmar Fests Representative Cathy Fagerstrom-Dodds and Damon Jongbloed, Terry Tone representing Vision 2040 and "West Central Tribune" Journalist David Little.

CEO Michael Schramm and CFO Bill Fenske reviewed the 2016 Forecast detailing the hospital budget process, noting that revenues are projected to continue to be flat. Mr. Fenske explained the statistics used in preparation of the forecast and the methodology used in developing their 2016 projections. Net Operating Revenue for 2016 is projected at \$97,034,602 and Net Operating Expenses at \$93,753,534 with an estimated Net Income of \$3,983,068. Discussion included flat inpatient activity versus increased outpatient volumes, emergency room visits of 1,200 per month, less than 800 surgeries per quarter and an average daily census of 71. Expenses were flat in 2015 to 2014 with no increase in revenue rates and no new borrowing. Council Member Anderson made a motion to approve the 2016 budget for Rice Memorial Hospital. Council Member Mueske seconded the motion, which carried.

Staff informed the Council that the current Intergovernmental Transfer Agreement with the Rice Memorial Hospital which required a transfer payment of .80% of the Hospital's net assets expires December 31, 2015. A new a three-year agreement for 2016-2018 has been negotiated and requires the same .80% transfer payment.

Resolution No. 1 was introduced by Council Member Anderson, seconded by Council Member Johnson, reviewed by Mayor Calvin, and approved on a roll call vote of Ayes 7, Noes 0.

RESOLUTION NO. 1

BE IT RESOLVED by the City Council of the City of Willmar to authorize the Mayor and Administrator to execute the Intergovernmental Transfer Agreement between the City of Willmar and the Rice Memorial Hospital for 2016 through 2018 establishing the annual transfer rate of .80 percent of the Hospital's audited net assets.

Dated this 23rd day of November, 2015.

/s/ Marv Calvin
Mayor

/s/ Kevin Halliday
Attest: City Clerk

General Manager Wes Hompe, Finance Director Tim Hunstad and Director of Operations John Harren presented the Willmar Municipal Utilities 2016 Budget. Total Operating Revenue is estimated at \$29,150,004 which incorporates electric rates for residential customers remaining flat, and a commercial and industrial increase of 1% with no rate increase. Water revenues remain flat with no rate adjustment and district heating is 1.1% lower in revenue due to a decline in customers. Total Operating Expenditures are estimated at \$25,781,974 and the 2015 Intergovernmental Transfer to the City of Willmar is estimated at \$2,179,579. The projected Net Income for 2016 is \$3,280,499. The 5-year capital improvements budget was also presented in detail. It was also noted that 8,000 meters were replaced with radio-controlled units. WMU staff announced next year is their 125th Anniversary. Council Member Anderson made a motion to approve the 2016 budget for Willmar Municipal Utilities. Council Member Christianson seconded the motion, which carried.

Staff informed the Council that the current Intergovernmental Transfer Agreement with the Willmar Municipal Utilities (WMU), which required a transfer of 4.9% of the audited WMU net assets with an annual increase not to exceed 4 percent, expires December 31, 2015. A new agreement for 2016-2018 has been negotiated with the transfer payments being \$7.70/mwh x (times) the annual mwh sales from January 1st to December 31st of each year. Annual sales are based on the average of the five previous years. The transfer payments are not to exceed a 2% increase in the amount of the Intergovernmental Transfer payment of the previous year. In no event shall the annual payment be less than the previous year.

Resolution No. 2 was introduced by Council Member Anderson, seconded by Council Member Christianson, reviewed by Mayor Calvin, and approved on a roll call vote of Ayes 7, Noes 0.

RESOLUTION NO. 2

BE IT RESOLVED by the City Council of the City of Willmar to authorize the Mayor and Administrator to execute the Intergovernmental Transfer Agreement between the City of Willmar and Willmar Municipal Utilities for 2016 through 2018 with transfer payments being based on the average of the five previous years.

Dated this 23rd day of November, 2015.

/s/ Marv Calvin
Mayor

/s/ Kevin Halliday
Attest: City Clerk

Meals On Wheels: The Mayor's 2016 Proposed Budget includes \$20,575 for Meals On Wheels and their request is for \$20,575. Renee Nolting representing West Central Industries explained that the Meals On Wheels Program began in 1972 and for the past several years they have received \$15,000 and \$19,200 in 2015 from the City of Willmar. The Meals on Wheels program has been a stable entity that continues to serve people within the community keeping them in their homes and independent longer and providing them with their recommended dietary allowances. Their request for 2016 is increasing to \$20,575 to help supplement the increase in meal costs. Their meals cost \$6.98 to produce and they charge \$5.87 which is required for those on a county waiver. The number of meals served is remaining stable and our aging population will increase. The need was expressed for more volunteer drivers.

Resolution No. 3 was introduced by Council Member Anderson, seconded by Council Member Fagerlie, reviewed by Mayor Calvin, and approved on a roll call vote of Ayes 7, Noes 0.

RESOLUTION NO. 3

BE IT RESOLVED, the City of Willmar will fund the community partners budget request of West Central Industries for their Meals on Wheels Program in the amount of \$20,575 for the year 2016.

Dated this 23rd day of November, 2015.

/s/ Marv Calvin

Mayor

/s/ Kevin Halliday

Attest: City Clerk

Vision 2040: Terry Tone, representing Vision 2040 came before the Council to explain the importance of Vision 2040 offering highlights of what's important including how to attract and retain people in Willmar, strengthen our economic diversity, develop things to do, develop next generation leaders and the health and wellness of our community. He explained the need to retain businesses and transition new leaders to take on roles and cited that Vision 2040 has started 33 new programs. Partnerships have been developed with organizations to include: Jennie-O Turkey Store, Willmar Public Schools, Kandiyohi County, County/City Economic Development Committee, Chamber of Commerce, Spicer Economic Development Commission, New London-Spicer, Pennock and Community Christian School Districts and Willmar Municipal Utilities. Discussion was held as to whether Willmar is clearly benefitting from Vision 2040 expressing concern for using taxpayer's money for a group that encompasses a large area of the County. The Council discussed the funding at length before the resolution was introduced.

Resolution No. 4 was introduced by Council Member Anderson, seconded by Council Member Nelsen, reviewed by Mayor Calvin, and approved on a roll call vote of Ayes 5, Noes 2 with the "no" votes being cast by Council Members Johnson and Christianson.

RESOLUTION NO. 4

BE IT RESOLVED, the City of Willmar will fund the community partners budget request of Vision 2040 with a payment in the amount of \$5,000 for 2015 and fund the amount of \$5,000 for the year 2016.

Dated this 23rd day of November, 2015.

/s/ Marv Calvin

Mayor

/s/ Kevin Halliday

Attest: City Clerk

Council Member Anderson introduced John Christianson, representing the Willmar Downtown Development Inc. who came before the Council. He explained he would be providing information relating to a project that the Willmar Downtown Development has embarked on known as the Historic 313 on 4th Street, LLC, which is the development of the 313 Building to include the Foxhole Brewery/Hub. He explained how that joint venture came to be and the status of the project including the layout. He identified Emily Northie of the Preservation Alliance of Minnesota who came to explain what the Preservation Alliance is and its purpose. Thirdly will be the funding request for the Willmar Downtown Development, Inc. in the amount of \$37,000.

The Board of the Willmar Downtown Development selected the project and partnered with the Preservation Alliance who came up with the initial \$65,000 to purchase this building from the Barn Theater. The Historic 313 LLC was formed with ownership being 49% Willmar Downtown Development, Inc. and 51% Preservation Alliance of Minnesota. The purpose of the project was to stimulate economic development. He presented the building layout and potentially five new businesses participating in this project.

Emily Northie came forward and explained the mission of the Preservation Alliance of Minnesota and that they are a 501c(3) which is nonprofit and funded from a variety of sources. She highlighted the Willmar Downtown Development is the first program within Minnesota to meet the National Accreditation Standards. After receipt of questions from the Council, this was received for information only.

Willmar Downtown Development, Inc.: John Christianson, representing Willmar Downtown Development, Inc. presented the funding request in the amount of \$37,000 which has remained the same as the two prior years. He detailed where the funding would be designated to include the Holiday Parade (\$5,000), Becker Market, liability insurance (\$2,500), rent for storage space (\$1,800), project coordinator

contract (\$21,600), administrative services (\$1,000), marketing and advertising (\$3,500) and grantwriter fees (\$1,600) for a total of \$37,000.

Resolution No. 5 was introduced by Council Member Anderson, seconded by Council Member Fagerlie, reviewed by Mayor Calvin, and approved on a roll call vote of Ayes 5, Noes 0 with Council Members Christianson and Johnson abstaining .

RESOLUTION NO. 5

BE IT RESOLVED, the City of Willmar will fund the community partners budget request of the Willmar Downtown Development, Inc. with a payment in the amount of \$37,000 for the year 2016.

Dated this 23rd day of November, 2015.

/s/ Marv Calvin
Mayor

/s/ Kevin Halliday
Attest: City Clerk

Willmar Fests: The community partners request for Willmar Fests is for \$35,000. Cathy Fagerstrom-Dodds and Damon Jongbloed representing Willmar Fests provided a brief summary of their activities noting the addition this year of a Kids Carnival on Saturday afternoon at Robbins Island and a Rib Fest. They are requesting an additional \$10,000 in 2016 to help offset some shortages in this past year most likely due to the startup of some new events.

Resolution No. 6 was introduced by Council Member Christianson, seconded by Council Member Johnson, reviewed by Mayor Calvin, and approved on a roll call vote of Ayes 7, Noes 0.

RESOLUTION NO. 6

BE IT RESOLVED, the City of Willmar will fund the community partners budget request of the Willmar Fests with a payment in the amount of \$35,000 for the year 2016.

Dated this 23rd day of November, 2015.

/s/ Marv Calvin
Mayor

/s/ Kevin Halliday
Attest: City Clerk

Council Member Anderson asked Finance Director Steve Okins to briefly summarize the 2016 City Budget including changes to date. Mr. Okins presented a summation of the actions noting on August 31st Mayor Calvin presented a balanced budget to the Council and in September the Council reviewed the Capital Improvements making reductions of \$441,500. In October the Council reviewed the departmental budgets making additional adjustments. The changes made to both netted \$231,347 in additional funding that is available for appropriations. The Local Option Sales Tax (LOST) reimbursements are totaling \$159,000 and it is staff's recommendation to take that action, leaving \$72,347 and with the earlier action approving \$5,000 for Vision 2040, there remains \$67,347 to balance the budget. The Truth in Taxation hearing will be held on December 7th and the action after that hearing is to set the levy which at this point is \$4,451,028. \$397,000 of that has been designated for Pavement Management and the budget at this point has \$34.7 million. Discussion was held whereby the \$67,347 surplus could be designated into a facilities fund. Interim City Administrator Halliday noted that no action should be taken until after the Truth in Taxation Hearing.

Following the summary by Finance Director Okins, Council Member Anderson made a motion to designate the \$159,000 toward the LOST liability. Council Member Christianson seconded the motion, which carried.

City Attorney Robert Scott presented the proposed agreement with the City Administrator candidate offered the position, taking into consideration the changes made for workplace policies for non-represented employees. Mr. Scott has discussed the matter with City Labor Attorney Frank Madden and he is comfortable with the agreement and does not see it being an issue with any of the issues he's representing with the non-represented and represented employees. Council Member Christianson stated he and Council Member Ahmann were in contact with Labor Attorney Madden and he had stated it would be advantageous to discuss the contract on December 1st during closed session as it has a large effect on current contracts. Council Member Christianson made a motion to delay action on the City Administrator's Employment Agreement until the December 1st closed meeting. The motion failed due to a lack of a second.

City Attorney Robert Scott was questioned by Mayor Calvin if this contract can be discussed during closed session. Mr. Scott responded saying only to the extent that the City Administrator contract would have a bearing on negotiations with represented bargaining units. He stated Labor Attorney Madden had made it clear to him he had no problem with the Council acting on the agreement at this meeting.

Council Member Johnson stated his impression was Mr. Weiers would engage in some negotiation and bring it back to the Council for consideration. He pointed out his dislike for the \$129,000 annual salary that was offered being too high with a 3% increase in six months after hiring.

Council Member Anderson stated his recollection was that Mr. Weiers was basically empowered to negotiate the offer. Council Member Christianson felt the Council was left out on any negotiations.

Council Member Anderson made a motion to approve the employment agreement as presented and appoint Mr. Kruse as the City Administrator. Council Member Nelsen seconded the motion. The motion failed for lack of five affirmative votes with 4 Ayes, 1 No and 2 abstaining. Council Member Christianson cast the "no" vote and Council Members Mueske and Johnson abstained.

Mayor Calvin stated as Mayor he has the option of voting in this situation with four Council Members voting affirmative, and voted affirmative as well to appoint Mr. Kruse as the next City Administrator.

This action was confirmed by City Attorney Robert who stated when appointing a City Administrator, the City's Charter states it takes five Council Members to approve the appointment. There is a section "when the Mayor may vote," specifically Section 3.06 where the Mayor may vote in limited instances which states in the event any appointment fails by one vote the Mayor may vote.

Council Member Mueske explained his reason for abstaining is due to his not being involved in the City Administrator Search or the negotiation process and therefore was not able to make that determination whereby he withheld his vote. He stated if it creates a dilemma, he would change his vote from an abstention to a "yes."

City Attorney Robert Scott stated the vote has been cast and has occurred and there is no reason to revisit the vote.

Council Member Mueske made a motion to reconsider the previous vote to approve the contract and make the appointment of Mr. Kruse as City Administrator. Council Member Nelsen seconded the motion which carried with 5 Ayes, 0 Noes and 2 Abstaining. Council Members Christianson and Johnson abstained.

The previous motion was restored to approve the employment agreement and appoint Mr. Kruse as the City Administrator as presented. Upon a roll call vote, the motion passed with 5 Ayes, 0 Noes and 2 Abstentions. Council Members Christianson and Johnson abstained.

There being no further business to come before the Committee, the meeting was adjourned at 8:02 p.m.

MAYOR

ATTEST:

CITY CLERK